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NEA FOR FRONT OFFICE AND NEA/IPA; NSC FOR  
ABRAMS/DORAN/WATERS

E.O. 12958: DECL: 05/08/2017  
TAGS: [EFIN](#) [EAID](#) [KWBG](#) [IS](#)  
SUBJECT: FAYYAD AND TEMPORARY INTERNATIONAL MECHANISM  
COORDINATE MAY SALARY PAYMENTS TO PA EMPLOYEES

Classified By: Consul General Jake Walles for reasons 1.4 (b) and (d).

¶1. (C) The head of the Temporary International Mechanism (TIM) management unit Mario Mariani confirmed May 8 that he had coordinated an early May disbursement of allowances with Palestinian Authority (PA) Finance Minister/PLO Economic Affairs Department head Salam Fayyad. The TIM disbursed 21 million euros (USD 28.4 million) via direct deposit to some 77,000 beneficiaries who work in or are retired from the PA civil service. Each beneficiary received a TIM payment of NIS 1500 (USD 376) into their local bank account. (Note: TIM beneficiaries do not currently include security service employees, political level employees (i.e. ministers or their appointees), or those who were not on the PA civil service payroll in December 2005. End note.) Mariani confirmed that Fayyad planned to pay PA civil service employees earning over NIS 3000 (USD 752) per month the balance of their half-salary. News accounts confirmed that Fayyad had also disbursed half salary payments to PA security service employees.

¶2. (C) IMF Resident Representative Joel Toujas-Bernate said May 8 that he had not yet received the figures of how much had actually been disbursed for the half salary payments. He said he understood that the USD 52 million transfer from the Algerian government had funded the May payments which had been disbursed through commercial banks from a PLO Economic Affairs Department account at the Bank of Palestine.

¶3. (C) Mariani confirmed the TIM management unit's plan to continue coordinating such disbursements on a monthly basis but noted that only 5 million euros remain in the TIM account, not enough for an early June payment. He said he hoped European member states and Arab states might contribute further funds this month.

¶4. (C) Based on news reports and conversations with local bankers, commercial banks are deducting between 25-50 percent from all payments to employees if they have outstanding loans from the bank. (Comment: Previously, banks were not deducting more than 30 percent of the payments. End comment.)  
WALLES